**Basic Principles of Life Insurance**

Begins with an overview of the two basic types of life insurance policies—term and whole life—and then builds on that knowledge with the different varieties of life insurance policy types and then covers basic principles of life insurance such as risk pooling, mortality and human life value. The course also explores personal, family, and business uses of life insurance products, standard and prohibited contract terms and provisions in the life insurance policy. Estate and income tax issues in regard to life insurance are also discussed in this course.

1. Define the basic principles of life insurance.

2. Explain the concept of risk pooling and the law of large numbers.

3. Explain how mortality, interest, and expense serve as the building

 blocks of life insurance.

4. Explain how the premium for yearly renewable term is determined.

5. Describe how the level premium insurance concept works.

6. Explain the concept of human life value and how it relates to the

 need for life insurance.

7. Identify and explain the expenses commonly associated with death

 and settling the deceased’s estate.

8. Explain the income needs of family survivors.

9. Explain the post-death cash needs of survivors.

 **Basic Principles of Life Insurance**

Risk Management

Risk Pooling

The Law of Large Numbers

The Building Blocks of Life Insurance—Mortality, Interest, and Expense

Determining the Premium

Level Premium Insurance

Net Amount at Risk

Human Life Value

Diminishing Nature of the Human Life Value

Life Cycle of Life Insurance Needs

 **Life Insurance Needs in Personal and Business Planning**

Approaches to Determining the Life Insurance Needs

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Multiple-of-Income Approach

Human Life Value Approach

Need Analysis Approach

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Executive Bonus Life Insurance Plans

Split-Dollar Life Insurance Plans

Life Insurance in Deferred-Compensation Plans

Types of Nonqualified Deferred-Compensation Plans

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Whole life Insurance

Ordinary Life Insurance

Limited-Payment Life Insurance

Single-Premium Life Insurance

Modified Premium Whole Life Insurance

Joint Life Insurance

Combination Products

Endowment Policies

Adjustable Life Insurance

Current Assumption Whole Life Insurance

Term Versus Permanent

Insurance Company Investment Objectives

**Variable and Universal Life Insurance**

Variable Life Insurance

Investment Choices

Insurance Charges

Policy Loans

The Prospectus

The Income Tax Definition of Life Insurance

Sec. 7702 of DEFRA

Universal Life Insurance

 **Life Insurance Policy Terms**

Flexible Premiums

Flexible Death Benefit

Death-Benefit Options

Withdrawal Feature

Secondary (No-Lapse) Guarantees

Single-Premium UL

Survivorship Universal Life

Indexed Universal Life

Variable Universal Life

Ultimate Flexibility

Income Tax Traps for Early Depletion

Survivorship Variable Universal Life

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Required Provisions

Prohibited Provisions

Optional Provisions

Additional Common Provisions

Policy Filing and Approval

Settlement Agreements

General Concepts and Rules

Types of Settlement Options

**Taxation Issues and Life Insurance**

The Income, Estate, and Gift Taxation of Life Insurance

Income Tax Treatment of Life Insurance

Life and Viatical Settlement Taxation

Taxation of Business Life Insurance

**NUCO Products to support Principles of Life Insurance:**

Tools and Techniques of Life Insurance

Tax Facts on Insurance and Employee Benefits